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9 May 1955

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ECONOMIC DEFENSE INTELLIGENCE COMMITTEE

Minutes of 9th Meeting

10:15 - 12:15, 28 April 1955

PRESENT

25X1A9a [redacted] CIA, Acting Chairman
25X1A9a [redacted] CIA, Executive Secretary
25X1A9a [redacted] CIA

Lt. Col. Brown, OSD
Mr. Wood, G-2
Mr. Reiss, Commerce
Mr. Herman, Commerce
Mr. Blaser, Treasury
Mr. Tilson, FOA/MDAC
Miss Lincoln, FOA/MDAC
Mrs. Young, State/ECD
Miss Worthing, State/OIR
Mrs. Rado, State/OIR

SURVEILLANCE OF DECONTROLLED COMMODITIES

1. Discussion - The Acting Chairman reviewed action taken at the last meeting, recalling that three ways of gathering information required for such surveillance had been suggested: bilateral approach to COCOM members; attache and foreign service reporting; and tapping MDAP contractors. In this connection the Commerce and OIR members had been asked, additionally, to inquire into particular aspects of the problem as regards items in List A of JOC Document No. 54 Supplement 2.

2. Regarding List A items: The Commerce member provided a memorandum incorporating trade statistics information on IL items 2635 and 1820, and the names of selected electronics tube manufacturers. He pointed out the difficulty of finding information on specific decontrolled items in the broad "basket categories" of trade statistics. Commerce, however, will provide the Department of Defense with the names of manufacturers of List A items.

3. The OSD member stated that the Department of Defense will make an effort to obtain information on trade in List A items from its MDAP contractors who may be included in the list to be furnished by Commerce.

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The G-2 member suggested, however, that little pertinent information should be expected from this source since U.S. officers assigned to the MDAP plants are not responsible for following trade in materials produced by these offshore contractors.

4. The OIR member indicated the difficulty of obtaining trade information on decontrolled items but declared that State would be willing to make a special collection effort on selected items of particular importance after OSD has determined what it might be able to do through MDAP contractors. State further reported that trade agreements do not provide desired information in sufficient detail.

5. The Executive Secretary reported that information can be obtained from the Industrial Register of OCD/CIA only with difficulty since industrial data for each country and for each industrial firm within each such country is listed only in broad categories. Little trade data is available in CIA on the specific items listed in the JOC document and there is considerable variation in availability from commodity to commodity.

6. Action - The Commerce member was requested to provide the OSD member and the Executive Secretary with a list of manufacturers of List A items. Defense will then endeavor to obtain information from any such firms holding MDAP contracts. The Executive Committee will then be advised of the EDIC action and further guidance will be sought.

OVERALL STUDY OF TRADE IN DECONTROLLED COMMODITIES

7. Discussion - Regarding the utility of an overall study on trade in decontrolled commodities: Mr. Herman reported that preliminary inquiry on availability of information has been made but that Commerce can assume this work only if the problem is narrowed. Mr. Reiss observed that such an exercise would appear somewhat academic in view of the large quotas which have been established for List II items. He added that one benefit to be realized from such a study, however, would be a renewed awareness on the part of the intelligence community as to the need by Commerce for information on a vast array of commodity items.

8. The OIR member felt that such a study would be generally unproductive and most members agreed that information is not precise enough to warrant an overall study at this time. The MDAC member cautioned, however, that the Dodge Council is certain to ask EDAC and the intelligence community for information on the consequences of the 16 August

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decontrol, particularly concerning so-called "last-ditch" items. He declared that the JOC request must be treated as an Executive Committee request and that EDIC must explore every possible avenue to obtain the desired information.

PATTERN OF SOVIET BLOC STRATEGIC EXPORTS TO THE WEST

9. Discussion - In accordance with action proposed at the last meeting, a CIA statement on "Exports of Capital Equipment and Industrial Materials from the Soviet Bloc" (EDIC/ID-13) was distributed. This paper provides a tabulation of selected imports by Belgium-Luxembourg from the Soviet bloc during 1953-54 of items which, although not established as being on the International Lists, would appear to fall within control categories.

25X1A9a 10. Action - Members were requested to furnish comments on this paper directly to [REDACTED]. A revised EDIC list will be furnished to the Executive Committee and guidance requested as to the utility of studying in greater detail the Soviet bloc export pattern.

RESEARCH PROGRAMMING FOR ECONOMIC DEFENSE

11. Discussion - The Acting Chairman referred to the work of the Wright Special Working Group and to Mr. Tilson's memorandum on the subject. He reported that agency comments on this memorandum had been requested, that CIA/RR had prepared such comments, and that it might now be appropriate for EDIC to "package" comments from the several agencies for Executive Committee review.

12. Mr. Tilson explained action taken by the Wright group, indicating that the project has three phases: research on the bloc; economic relations between the bloc and free world; and, special aspects of East-West trade. The Wright group has agreed that it is not desirable to commit the research capabilities of the intelligence community to a fixed and pre-determined pattern since ad hoc requirements are certain to arise from time to time. Mr. Tilson suggested that the action agencies must make a conscientious effort to improve their relationship with intelligence-producing elements and that intelligence, for its part, must assume a more active role in the formulation of requirements, anticipating the needs of action agencies.

13. The Acting Chairman supported the view that there must be a "marriage" of action and intelligence agencies engaged in economic defense. With regard to pre-planning of research, he declared that work can be scheduled on several economic defense topics of continuing interest such as gold movements and balance of payments.

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14. The OIR member suggested that it would be unwise for EDIC to enter the picture at this time, noting that the Wright group had been established with the specific intent of making action elements aware of their responsibilities for programming research requirements.

15. Action - It was acknowledged that a closer relationship should be established between the action and intelligence elements in programming of research. EDIC action on this matter, however, will be postponed pending completion of action now being taken by Mr. Tilson and the Wright group.

FUNCTIONS AND OPERATIONS OF EDIC

16. Discussion - As agreed at the previous meeting, the Executive Secretary distributed his "Balance-Sheet of EDIC Accomplishments and Shortcomings Under its Terms of Reference" (EDIC/AM-10). The Acting Chairman suggested the formation of an EDIC subgroup which would study this paper and refer its conclusions and recommendations to EDIC for further review.

17. Several members suggested deferring an evaluation of EDIC in view of consideration being given to reorganization and amalgamation of several EDAC working groups, and until the conclusions of the Dodge Council review of East-West trade policy are made known. Miss Lincoln, however, urged that this matter be explored at this time and that consideration be given to EDIC support of the several EDAC problems, such as trade tactics. Mr. Tilson declared that the question to be examined is the bypassing of EDIC in the intelligence support program and what can be done about it.

18. Action - A Subgroup on EDIC Functions and Operations was established with [REDACTED] as Chairman. MDAC, Commerce, Defense and State (ECD and OIR) are to nominate members to this Subgroup, which will report its findings to EDIC within a month.

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OTHER INTELLIGENCE MATTERS

Intelligence Request No. 5 - Pending Bloc Shipbuilding Orders

19. The Executive Secretary distributed this request of FOA/MDAC and State/ECD for information to be used by EDAC in its consideration of current COCOM merchant shipping control proposals. He explained that the information, which has been requested on a Confidential basis, is available in CIA under Secret classification. These data will be distributed to EDIC members for comment.

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JOC observer

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Proposed JOC Observer

20. The Executive Secretary reported the request of the Executive Secretary of JOC for attendance by Mr. Henry Shavell of the ACEP Staff as a JOC "observer" at EDIC meetings. It was agreed that Mr. Reiss would discuss this matter with members of the ACEP Staff and advise the Executive Secretary, EDIC.

Briefing [REDACTED] 25X1C8c

25X1C8c 21. The Acting Chairman reported the recent briefing of the [REDACTED] (see details in ED/EC M-165 of 22 April 1955). He reminded the members that no reply had been forthcoming from the USDEL to the requirements transmitted requesting clarification of the [REDACTED] information on China trade. (ref: [REDACTED] 14 February 1955)

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Distribution of Papers

22. The Executive Secretary distributed:

State IR 6890 - Soviet Foreign Trade: Policies, Performance and Prospects
State IR 6539 - Basic Factors in Free World Shipping and Shipbuilding of Significance to the Strategic Controls Issue
State IR 6864 - Recent Indications of Change in Soviet Trade Policy
25X6A State IR 6856 - Recent Trends in East-West European Trade
State IR 6866 - Present [REDACTED] Attitudes toward Bloc Vessel Orders
State IR 6880 - Recent Sino-Soviet Economic Efforts to Penetrate Non-Communist Asia
25X6A State IR 6527R- [REDACTED] Trade Expansion

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